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June 27, 2002

By Federal Express

Commission's Secretary
Office of the Secretary
Federal Communications Commission
9300 East Hampton Drive
Capitol Heights, MD 20743

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JUN 28 2002

FCC - MAILROOM

Re: Rulemaking # WC-02-60

Dear Sir or Madam:

Enclosed please find Western Governors' Association (WGA) policy resolution 02-18 Entitled "Western Telecommunications Needs" adopted on June 25, 2002 that provides comment on the above-referenced rulemaking relating to the rural health care universal service mechanism. The WGA is composed of 21 governors from 18 states and three U.S.- flag Pacific Islands.

Western governors have a long history of pursuing rural health improvements in our states and in our region. The FCC's rule making represents an opportunity to continue to improve healthcare conditions for our rural constituents. To accomplish this through its rulemaking, the FCC should expand the definitions of "rural health care provider" and "rural health clinic" to include nursing homes and long-term care facilities. These institutions are a necessary and vital part of the rural health care system. Furthermore, the FCC should support monthly Internet service charges for eligible providers. As is the case in urban areas, rural areas should also have access to the Internet to allow for the instantaneous transmission and receipt of information. Support from the FCC's rural health care universal service fund is needed to make these commonplace urban communications a reality in the rural West. Finally, the FCC should end the maximum allowable distance limit on rural health reimbursements so that telehealth and telemedicine systems in our region are not artificially constrained.

We appreciate your consideration of our views and hope that you will take the steps necessary to allow the rural health care universal service mechanism to truly support the rural health needs of the West.

Sincerely,


Judy Martz
Governor of Montana


Jane Dee Hull
Governor of Arizona


Jim Geringer
Governor of Wyoming

enclosure

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WESTERN
GOVERNORS'
ASSOCIATION

Policy Resolution 02 -18

Western Telecommunications Needs

Annual Meeting

June 25, 2002

Phoenix, Arizona

SPONSORS: Governors Geringer, Hull and Martz

A. BACKGROUND

1. This nation has benefited greatly from policies that are fundamentally rooted in national support for infrastructure investment in critical areas, such as water resources, airports, highways and communications. Since the passage of the Communications Act of 1934, it has been a major public objective of the United States that all Americans, regardless of where they live, have access to quality local phone service at reasonable and affordable rates.
2. Congress in the Telecommunications Act of 1996 (the "Act") continued and strengthened this commitment by giving the Federal-State Joint Board on Universal Service and the Federal Communications Commission (FCC) the authority to recommend and implement policies that ensure the preservation and advancement of universal service.
3. In April 2002, the Federal Communications Commission (FCC) adopted a Notice of Proposed Rulemaking (Notice) seeking comment on how to improve the rural health care universal service mechanism established by the Act, which helps rural health care providers obtain access to modern telecommunications and information services for medical and health maintenance purposes. The five-year old program provides discounted telecommunications services to rural health care providers at rates equal to the rates charged for similar services in urban areas. The rural health care support program, with an annual cap for discounts at \$400 million, has provided discounts to rural health care providers in 40 states. For example, with such support, rural health care providers may send X- rays and other information to doctors in other areas in real time. These types of services are vital in the rural west where great distance and isolated communities have often been impediments to quality and timely health care.
4. There are several issues that the FCC is addressing in its Notice that would help increase the availability of existing universal service funding to additional rural health care providers. These include allowing nursing homes and long-term care facilities to be eligible for reimbursement, making monthly Internet service charges eligible for support and expanding or eliminating the distance limit

calculation.

5. Congress also recognized the importance of broadband access in the Act. It gave the FCC the statutory mandate to advance the cause of bringing access to advanced telecommunications to the entire country, including rural areas and tribal lands. Section 706 of the Telecommunications Act required the FCC to report annually on the "deployment of advanced telecommunications capability to all Americans in a reasonable and timely fashion, and possible steps to accelerate such deployment."
6. In February 2002, the FCC released its third report on the availability of advanced telecommunications capability services concluding that advanced telecommunications capability is being deployed in a reasonable and timely manner. The report concludes that "the advanced telecommunications services market continued to grow [during 2000-2001], and that the availability of and subscribership to high-speed services increased significantly." While this is true overall, many rural and tribal areas continue to be under served if they are served at all.
7. An analysis of the FCC's latest figures, which rely on industry reports of zip codes where they are currently providing broadband service, show some disturbing trends: in seventeen states, broadband service is actually being provided in fewer zip codes in 2001 compared to the FCC's figures in their 2000 report. Eight of these states are in the West, and in sixteen states, broadband service is still not being provided in over a third of the zip codes. Nine of these states are in the West.
8. To the extent that resources allow, states have invested significant resources in bringing broadband capability to rural areas of their states. In addition, some states have enacted innovative tax credit incentives and other mechanisms to spur private investment in broadband services in rural area.

B. GOVERNORS' POLICY STATEMENT

1. On rural health care, the Governors urge the FCC to make realistic the definition of "rural health care provider" and "rural health clinic" in the Act to include vital health care delivery facilities such as nursing homes and long-term care facilities. These facilities often provide services that are necessary after leaving the hospital or can replace hospitalization. They are especially valuable in rural areas where traditional urban medical facilities are not present or where distance and cost are

barriers which rural patients find prohibitive. Both of these facilities also often serve to take the burden off of the already overused health care system.

2. The Governors believe that the FCC should support monthly Internet service charges for all eligible rural health care providers. The Internet is a tool that is invaluable in day-to-day operations and provides a vital link to information and instantaneous communications in times of natural disasters and public health emergencies. It is critical that rural areas have the ability to transmit and receive information instantaneously in the event of disasters. Support for Internet service charges could also have a positive impact on facilities based broadband deployment in rural areas.
3. The Governors urge the FCC to end the maximum allowable distance limit on their rural health care reimbursements. At present, reimbursement for telecommunication costs is limited to the distance from the health care provider to the closest city of 50,000 people in their state. This limit truncates the support necessary for health care providers as they seek to deliver the best health care to rural America. The FCC should allow reimbursement for costs anywhere within a state and even across state boundaries. As it exists today, a distance limit only provides a barrier to the expansion of telehealth and telemedicine in rural areas and dampens the demand for vital high-tech services. Rates should be based on urban areas of the state as Congress intended to equalize the costs paid by rural Americans with those in urban areas.
4. The Governors believe that it is vital that broadband service become available and affordable for all citizens, regardless of where they live.
5. The Governors concur with the recommendations set forth in FCC Commissioner Cope's dissenting opinion upon release of the latest FCC report on broadband deployment. First, the FCC should adopt a specific plan to gather information that would allow a rigorous analysis of broadband deployment. Second, the FCC should examine communities that do not have access to broadband and undertake a specific accounting of where these places are and what they have in common. Factors such as population density, income level and race should be analyzed to determine if there are market failures that are limiting broadband deployment in these communities. Particular focus should be on rural areas, tribal lands, inner city communities, and citizens with disabilities. The Governors urge the FCC to address these concerns and are prepared to assist the FCC in improving its data collection efforts for its annual report on broadband deployment.

C. GOVERNORS' MANAGEMENT DIRECTIVE

1. The Governors request that the National Association of State Telecommunications Directors to establish a private sector and other stakeholder working group that will prepare a summary for the Governors of innovative state approaches to ensuring broadband services are deployed by the private sector in rural areas of the state. Areas of interest include: investment, incentives, regulatory.
2. WGA staff shall submit this resolution to the FCC as comment to the Notice on the health care component of universal service by the July 1, 2002 deadline and shall otherwise transmit this resolution to the FCC Commissioners, appropriate Congressional committee leaders and the National Association of State Telecommunications Directors.

This resolution was originally adopted in 1999 as WGA policy resolution 99-035.

Approval of a WGA resolution requires an affirmative vote of two-thirds of the Board of the Directors present at the meeting. Dissenting votes, if any, are indicated in the resolution. The Board of Directors is comprised of the governors of Alaska, American Samoa, Arizona, California, Colorado, Guam, Hawaii, Idaho, Kansas, Montana, Nebraska, Nevada, New Mexico, North Dakota, Northern Mariana Islands, Oregon, South Dakota, Texas, Utah, Washington and Wyoming.

All policy resolutions are posted on the WGA Web site www.westgov.org or you may request a copy by writing or calling:

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